

Message Text

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PAGE 01 ABU DH 00461 201147Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----102821 201148Z /23

P R 201059Z FEB 78
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC PRIORITY 7377
INFO AMEMBASSY ALGIERS
USINT BAGHDAD
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
USMISSION GENEVA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LIBREVILLE
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
USMISSION USUN NEW YORK

C O N F I D E N T I A L ABU DHABI 0461

EXDIS

E.O. 11652: GDS-1
TAGS: ENRG, TC
SUBJ: PLANS FOR OPEC CONSULTATIVE MEETING
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REF: (A) ABU DHABI 81, (B) ABU DHABI 24

1. 7.-46: AT INSTIGATION VENEZUELAN MINISTER PETROLEUM
HERNANDEZ, PLANS ARE UNDERWAY HOLD SPECIAL OPEC CONSULTATIVE
MEETING END OF MARCH OR EARLY APRIL PROBABLY IN ABU DHABI.
NO SPECIFIC AGENDA BEING CIRCULATED AND STILL UNCLEAR WHAT SUB-

JECTS WILL BE DISCUSSED THOUGH UAE OFFICIALS ASSUME WILL INCLUDE (A) POSITION ON OIL PRICES; (B) RESOLVING PRICE ISSUES ON DIFFERENTIALS FOR HEAVY CRUDES WHICH NOT SETTLED AT RECENT GENEVA MEETING AMONG FIVE OPEC PRODUCERS; AND (C) WHETHER STICK TO DOLLAR OR GO TO BASKET OF CURRENCIES IN CALCULATING PRICE OF CRUDES. END SUMMARY.

2. IN MEETING WITH PETROLEUM UNDER SECRETARY ABDALLAH ISMAIL FEB. 20, HE CONVEYED TO ME STATUS OF PLANS TO HOLD SPECEIAL OPEC CONSULTATIVE MEETING. AS PREVIOUSLY MENTIONED BY ISMAIL AND ALSO UAE MINPET UTAYBA (REFTELS), OPEC OIL MINISTERS MEETING AT CARACAS HAD LEFT OPEN POSSIBILITY OF HAVING SPECIAL CONSULTATIVE MEETING PRIOR TO NEXT REGULARLY SCHEDULED MEETING IN GENEVA NEXT JUNE. ISMAIL SAID THAT WHEN THE FIVE OPEC PRODUCERS OF HEAVY CRUDES MET IN GENEVA EARLIER THIS MONTH TO DISCUSS CHANGING PRICES ON DIFFERENTIALS, VENEZUELAN MINISTER OF MINES AND ENERGY HERNANDEZ HAD MADE A STRONG PITCH TO HAVE A SPECIAL CONSULTATIVE MEETING. ALTHOUGH UAE FELT THERE NO STRONG REASONS FOR HAVING SPECIAL MEETING, SAUDI OIL MINISTER YAMANI HAD INDICATED THAT SAUDIS "DID NOT MIND". SINCE THEN, TELEGRAMS HAVE BEEN SENT TO ALL OPEC CAPITALS BY OPEC SECY GENERAL AND INDICATIONS ARE THAT ALL SEEM AGREEABLE TO HAVING MEETING END OF MARCH OR EARLY APRIL. OIL MINISTER UTAYBT HAS INVITED OPEC TO HOLD CONSULTATIVE MEETING IN ABU DHABI AND NOW WAITING TO HEAR REACTION OF DIFFERENT MEMBERS. ISMAIL PERSONALL Y HOPED MINISTERS MIGHT CHOOSE OTHER LOCATION
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"IN EUROPE" BECAUSE OF LOGISTICAL AND SECURITY PROBLEMS WHEN SUCH LARGE NUMBER OF PERSONALITIES DESCEND ON ABU DHABI.

3. ISMAIL VOLUNTEERED THAT HE FRANKLY HAD NO IDEA WHAT MINISTERS WOULD DISCUSS. BOTH SAUDI ARABIA AND UAE HAD EARLIER MADE IT CLEAR THAT THEY WERE NOT READY TO LOOK AT ANY PRICE INCREASE IN 1978 AND "CERTAINLY NOT WITHIN FIRST SIX MONTHS OF 1978." HOWEVER, HE ASSUMED THAT VENEZUELAN SAW MEETING AS CONTINUATION OF CARACAS MEETING AND SAUDIS AND OTHERS DECIDED TO GO ALONG SO AS NOT TO APPEAR ARGUMENTATIVE AT THIS STAGE.

4. SINCE THERE IS NO SPECIAL AGENDA PREPARED IN ADVANCE FOR OPEC CONSULTATIVE MEETINGS, ISMAIL CONCLUDED THAT HE ASSUMED THAT MEETING WOULD COVER THREE SUBJECTS: (A) FUTURE OIL PRICING, WHERE HE EXPECTED SAUDI AND UAE POSITIONS MENTIONED WOULD BE REITERATED; (B) DIFFERENTIALS FOR HEAVY CRUDES, WHERE POSSIBLY SOME RESOLUTION MAY BE HAMMERED OUT IN LIGHT OF APPARENT FAILURE REACH AGREEMENT AT RECENT GENEVA CONFERENCE; AND (C) WHETHER TO STICK TO DOLLAR OR CONSIDER CALCULATING PRICE OF OIL ON BASIS OF BASKET OF CURRENCIES. LATTER MIGHT BECOME IMPORTANT IF THERE IS FURTHER WEAKENING OF DOLLAR VIS-A-VIS CURRENCIES OTHER IMPORTANT INDUSTRIAL COUNTRIES. TO MY QUESTIONS,

ISMAIL DID NOT THINK CONSULTATIVE MEETING WOULD DISCUSS PEREZ
PROPOSAL FOR AID TO LDC'S, WHICH HE REITERATED NOW SEEMS TO BE
VERY MUCH OF A DEAD ISSUE, OR PRICING OF LIQUEFIED GAS PRODUCTS
WHICH OIL MINISTER UTAYBA HAD EARLIER MENTIONED TO ME (REF A)
AS POSSIBLE TOPIC OF DISCUSSION.

DICKMAN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PLANNING MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 feb 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ABUDH00461
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780077-0515
Format: TEL
From: ABU DHABI
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780235/aaaabdrv.tel
Line Count: 122
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b21561d3-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 78 ABU DHABI 81, 78 ABU DHABI 24
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3543104
Secure: OPEN
Status: NATIVE
Subject: PLANS FOR OPEC CONSULTATIVE MEETING CONFIDENTIAL CONFIDENTIAL
TAGS: ENRG, TC, OPEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b21561d3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014